

TERMS OF REFERENCE FOR THE RISK COMMITTEE

1. **CONSTITUTION**

The Committee has been established by resolution of the board of directors of the Company (the “**Board**”) and is to be known as the Risk Committee.

2. **MEMBERSHIP**

- 2.1 The members of the Risk Committee shall be appointed by the Board and shall consist of at least three members who are non-executive directors; the Chief Executive Officer; and the Chief Financial Officer.
- 2.2 Risk Committee members shall ensure they undertake such induction and continuing training as is necessary to enable them to fulfil their function.
- 2.3 The Board shall appoint one of the members of the Risk Committee who is a non-executive director of the Board as its chair (the “**Chair**”) and shall decide his or her period of office.
- 2.4 The Board shall regularly review the membership of the Risk Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Risk Committee and other Board committees.
- 2.5 The Risk Committee may invite any other person to advise and/or join meetings of the Risk Committee when required notwithstanding that they are not members of the Risk Committee.

3. **QUORUM**

Subject to paragraph 10 below, a quorum shall be two members, at least one of whom shall be a non-executive director of the Board and at least one of whom shall be an executive director of the Board. A duly convened meeting of the Risk Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Risk Committee.

4. **ATTENDANCE AT MEETINGS**

- 4.1 No one other than the Risk Committee Chair and other members is entitled to be present or vote at a meeting of the Risk Committee.
- 4.2 The group director of risk and internal audit and the group general counsel may be called upon or shall be able to speak at any meeting of the Risk Committee by prior arrangement with the Chair.

5. SECRETARY

The Company Secretary or his or her nominee shall act as the secretary of the Risk Committee and shall keep a record of the membership of and the dates of any changes to the membership of the Risk Committee.

6. FREQUENCY OF MEETINGS

6.1 Meetings shall be held at such times as the Risk Committee deems appropriate, and in any event shall be held not less than four times a year. Where appropriate, meetings should coincide with key dates in the company's financial reporting cycle.

7. PROCEEDINGS

7.1 Unless varied by these terms of reference, meetings and proceedings of the Risk Committee will be governed by the Company's articles of association regarding the meetings and proceedings of directors.

7.2 Meetings of the Risk Committee shall be called by the Secretary of the Risk Committee at the request of the Chair or any member thereof or at the request of the head of internal audit or the group director of risk and programme assurance if they consider it necessary.

7.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Risk Committee and any other person required to attend not later than 48 hours prior to the date of the meeting.

7.4 The Secretary to the Risk Committee or his or her deputy shall record the proceedings and resolutions of meetings of the Risk Committee and shall circulate the minutes of such meetings to all members of the Risk Committee and, if the Chair so decides, to all members of the Board.

7.5 In the absence of the Risk Committee Chair and/or an appointed deputy, those members present shall elect one of their number to chair the meeting.

8. AUTHORITY

8.1 The Risk Committee is authorised by the Board at the expense of the Company to investigate any matter within its terms of reference. It is authorised to seek any information that it requires from any employee in order to perform its duties and all employees are directed to cooperate with any requests made by the Risk Committee.

8.2 The Risk Committee is authorised by the Board at the expense of the Company to obtain external professional advice and to secure the attendance of third parties with relevant experience and expertise at meetings of the Risk Committee if it considers this necessary.

- 8.3 These terms of reference may be amended from time to time as required, subject to approval by the Board.

9. DUTIES

The responsibilities of the Risk Committee shall be to:

- 9.1.1 advise the Board on the group's overall risk appetite and tolerance;
- 9.1.2 review the group's overall risk management strategy and policy;
- 9.1.3 review the controls over significant risks; and report to the Audit Committee on the results of such review and make recommendations to the Audit Committee for its approval of amendments thereto.
- 9.1.4 receive and consider reports on key risks and aggregate risk exposure from the group executive committee in order to oversee and advise the Board on:
 - (A) the total level of risk within the group and how it compares to the risk appetite set by the Risk Committee
 - (B) the level of risk within each business unit and how it compares to risk appetite set by the Risk Committee; and
 - (C) the effectiveness of the systems established by management to identify, assess, manage and monitor financial, reputational, commercial, operational, compliance and other risks.
- 9.1.5 review the company's capabilities to identify and manage new risk types, ensuring processes are in place to identify, report and escalate significant emerging risks which may be critical to the Group;
- 9.1.6 review management's and the internal auditor's reports on the effectiveness of systems for risk management;
- 9.1.7 review the Company's description of its risk assessment and management process and description of its principal risks and uncertainties for its annual report prior to review by the Audit Committee , and in particular review:
 - (A) the procedures for identifying financial, reputational, commercial, operational, compliance and other risks and controlling their impact on the Company;
 - (B) the actions taken to mitigate the likelihood and impact of the principal risks and uncertainties;
 - (C) management's assessment of the residual risks and uncertainties to shareholders; and

(D) the operational effectiveness of these policies and procedures;

9.1.8 on an annual basis, carry out a robust assessment of the emerging risks and principal risks facing the group, (including those that would threaten its business model, future performance, solvency or liquidity and reputation), review the management and mitigation of those risks and advise the Board of the results of such assessment;

9.1.9 review and advise the Board where required on the risk aspects and implications of major developments, including M&A and disposal transactions;

9.1.10 review and approve the acceptance and execution of those major contracts that require board approval due to their size or level of risk as defined in the risk management policy;

9.1.11 consider other topics, as referred to it by the Board; and

9.1.12 generally, to have regard to laws and regulations, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance in carrying out the duties specified above.

10. DELEGATION

10.1 A sub-committee of the Risk Committee comprising at least the Chair of the Risk Committee and the Chief Executive Officer may undertake the Risk Committee's duties as described in clause 9.1.10 above provided the decisions of such sub-committee are reported at the following meeting of the Board.

11. REPORTING PROCEDURES

11.1 The Risk Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board about any necessary changes.

12. ANNUAL GENERAL MEETING

12.1 The Chairman of the Risk Committee shall be available at the Annual General Meeting to answer questions on the Risk Committee's activities and its responsibilities. He or she should also ensure that the Company maintains good contact with shareholders about risk matters in the same way as for other matters.

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